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HEADLINE: Ottawa lists al-Qaeda suspect as trade helper: Bin Laden relative included in tipsheet on Saudi contacts (Toronto / Late edition headline.);
Ottawa lists al-Qaeda suspect as trade helper: Bin Laden brother-in-law: Industry Canada lags U.S. in updating 'country contacts' (National edition headline.)

SOURCE: National Post

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BODY:

Industry Canada has been advising investors looking to do business in Saudi Arabia to contact a wealthy sheik who is not only the brother-in-law of Osama bin Laden but also an alleged financier of al-Qaeda.

The department's Web site names Khalid bin Mahfouz and his Jeddah-based National Commercial Bank on a list of "country contacts" for those seeking trade and investment opportunities in the oil-rich kingdom.

The commercial tipsheet fails to mention that Mr. bin Mahfouz was arrested in Saudi Arabia for allegedly using his bank to fund the al-Qaeda terrorist network. Nor does it explain that Mr. bin Mahfouz's sister is one of bin Laden's wives.

An Industry Canada spokeswoman said yesterday the department was negotiating to purchase a new list of trade contacts from the U.S. Department of Commerce, but until then the existing one directing Canadians to Mr. bin Mahfouz will remain on the Web site.

The list was the "latest available for sale" when purchased in April, 2001, and will be updated "as soon as we can," said Francesca Piredda, media relations officer for the department. She said she did not know when that might be.

Mr. bin Mahfouz is a Saudi banker, heir to a billionaire family, who was indicted for fraud in New York in the early 1990s. The charges were dropped after he agreed to pay US\$225-million, including US\$37-million in lieu of fines.

According to the latest issue of business magazine Forbes, Mr. bin Mahfouz set up the Muwaffaq ("Blessed Relief") Foundation in the Channel Islands in 1992. Allegations surfaced in 1995 linking the foundation to Islamic terrorism, but the charity denied the claim and sued a British newsletter for an apology, which it received in open court.

But in 1999, USA Today reported a Saudi government audit had found Mr. bin Mahfouz's National Commercial Bank had transferred US\$3-million to Islamic charities fronting for terrorism, including Blessed Relief. Mr. bin Mahfouz was reportedly placed under house arrest at a military hospital in Taif, Saudi Arabia.

On Oct. 12, 2001, the U.S. Treasury Department placed the head of Blessed Relief, Yasin al-Qadi, on its list of designated terrorists and froze his assets. "He heads the Saudi-based Muwaffaq Foundation," said a Treasury background report.

"Muwaffaq is an al-Qaeda front that receives funding from wealthy Saudi businessmen. Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief."

The Treasury also froze the assets of Ayadi Chafiq bin Muhammad, a Bosnian. "Chafiq is connected to the bin Laden financial network through the Muwaffaq Foundation in Munich, Germany," the Treasury alleged.

The Canadian government froze the assets of both men on the same day. In January, the British Charity Commission froze the assets of another charity, the International Development Foundation, over allegations it was close to bin Laden. The trustees were Mr. bin Mahfouz's brothers.

Yet years after alarms were first raised about Mr. bin Mahfouz, his name, address and phone number remain on Industry Canada's list of Saudi investment contacts.

Industry Canada says the U.S. Commerce Department was the source of its country contacts. But the information comes from a 1998 report the U.S. government updated two years ago, removing reference to Mr. bin Mahfouz.

Cherif Sedky, a spokesman for Mr. bin Mahfouz, told the Chicago Tribune the family had no ties to terrorists and was "shocked and angered" by the suggestion. Abdulrahman bin Mahfouz, Mr. Mahfouz's son, told Forbes he had been unable to determine why the U.S. had linked Blessed Relief to al-Qaeda. "While we have heard that the allegations related to the Muwaffaq charity may be based on only one or two isolated financial transactions, we have been unable to obtain any specific information regarding these transactions," he said.

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